



This Week in State Tax (TWIST)

April 21, 2025



Kansas: Legislature Approves Contingent Personal and Corporate Rate Reductions

The Kansas Legislature recently overrode a gubernatorial veto to enact a bill that will trigger automatic annual reductions in personal income, corporate income, and financial institutions privilege tax rates when certain fiscal conditions are met. Under the bill, rate cuts will be implemented in any year when general revenue from the income and privilege taxes exceeds the amount collected in 2024 (adjusted for inflation) and the amount in the state budget stabilization fund exceeds 15 percent of the previous year's tax revenues.

The scheme laid out in the bill initially focuses on cutting the individual tax rates. Once all individual tax rates are reduced to 4 percent from a current maximum of 5.58 percent, further cuts will apply to the corporate rate and privilege tax rate. The bill would reduce the current corporate income tax rate of 6.5 percent (3.5% plus 3% surtax for income over \$50,000) to a potential maximum rate of 4 percent. Concurrent with any corporate rate reduction, the bill also reduces the privilege tax rate to a maximum of 2.6 percent for banks or 2.62 percent for trust companies and loan associations. Contact [Alexander Karsciq](#) with questions about [S.B. 269](#).

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